

## REMARKS

This amendment after final is filed in continued response to the outstanding Office action and constitutes a submission pursuant to 37 CFR §1.114. The Examiner's courtesies during telephone conferences with the undersigned on May 11, 2005 and at other times, regarding procedural matters and in faxing a copy of the advisory action of May 20, 2005 to this office on May 23, 2005, are greatly appreciated by applicant. Her courtesy in giving substantive consideration to the application, in the limited time available after newly assuming responsibility for the application, is also appreciated.

### *Claim Amendments*

In this amendment: Claims 1, 12 and 25 have been cancelled; claims 2-10 and 13-23 have been amended; and new claims 26-37 have been added. Claims 10 and 24 are also still pending, in unamended form.

Unless otherwise stated, or apparent from the context, claims have been amended without narrowing, for readability, to render the language more idiomatic, to correct minor clerical matters or to make explicit subject matter that was previously inherent. For example, claims 4, 9 and 20 are amended to make explicit subject matter inherent in the claim before amendment, and claims 6, 10, 17 and 21 are amended to employ more idiomatic language.

Furthermore, claim 2 has been amended to depend from new claim 29 and claims 4-10 have been amended to depend from new base claim 26. As compared with now-canceled claim 1, claim 26 has been broadened by removing the algebraic definitions of parameters set forth in claim 1 to a dependent claim, claim 29. Other differences claim 26 may have from claim 1

included explicit recitation of inherent language or are not believed to narrow the claim. Similar comments apply to new claims 30 and 32 in comparison with now-canceled claim 12.

New claims 27-28, 31 and 33-37 recite features relating to trading in an inflation-related adjustment, inflation cover or an inflation-related rental increase and to such entities comprising assets or inflation components of underlying assets. While some or all of these features may have been added following upon the Examiner's helpful comments regarding patentability in the Advisory Action, no equivalents of the features recited or of the language used in defining them, are believed excluded.

Support for trading in inflation-related entities may be found in the title and throughout the specification. Support for treatment of inflation cover and other such inflation-related entities as an asset may be found at page 16, line 26, and elsewhere in the specification.

### ***Patentability of the Claims***

The new and amended claims are believed patentable for the reasons of record including, in particular, the disclosure in applicant's specification and the reply filed on 18 March 2005.

In the latter it was explained that art such as Shepherd does not teach trade in inflation as a separate financial component distinct from an underlying asset. For Shepherd, inflation is just one of a number of risk parameters that is to be managed. Furthermore, Shepherd does not teach the use of inflation cover as an asset that can be converted into liquid funds, as is made possible by the presently claimed invention. Rather than seeing potential uses for the effects of inflation,

Shepherd, as is conventional, tries to minimize the risk of inflation and. "... to avoid the adverse consequences of..." inflation (column 21, lines 37-38). Thus, Shepherd leads away from the idea that inflation can be useful, that it can be used to create additional liquid funds, funds that maybe used for investment or speculation, as is made possible by the claimed invention.

Careful consideration has been given to the Examiner's helpful comments in the Advisory Action objecting that trade in inflation components ("inflation itself" as distinct from an inflating asset) and treatment of inflation as an asset are not recited in the rejected claims.

Such objections are believed not applicable to the new and amended claims, which are accordingly believed clearly patentable. This is because trading in inflation is now clearly recited, or implied, in amended claim 23 (clause g)) and new claims 27-28, 30 (clause f)), 31, 33 and 34 (clause b)); and treatment of inflation cover, or the like, as an asset is now clearly recited, or implied, in amended claim 23 (clause g)) and new claims 30 (clause f)) and 34 (clause c)). With regard to some of these claims, it will be understood that selling and purchasing are trading activities.

In addition, amended claim 26, and the claims dependent thereon are believed patentable because the invention claimed in claim 26 for the first time provides a purchase price for an inflation-related component of an underlying asset, enabling the inflation component to be traded and treated as an asset.

A theoretical example may be useful, for the record, in explaining why an inflation transaction, pursuant to the claimed invention, can be treated as an asset and should not be treated as a loan. Such an example is mentioned in applicant's specification at page 18, line 25 et seq. Suppose, for instance it is estimated that inflation, for an agreed period of 30 years, will be two percent per annum, calculated cumulatively. In this case, a seller can receive an agreed price for an inflation contract at the beginning of the inflation transaction in cash. The price can consist of the agreed inflation at 2 percent of the coupon value calculated cumulatively multiplied by a risk multiplier to provide a net present value. Should the real inflation in this theoretical example, turn out to be zero over the period of 30 years, notwithstanding the estimated inflation figure, the buyer pays the aforementioned "net present value" of 2% inflation over the coupon value for 30 years, but receives nothing in return; not yearly and not at the end of the 30-year contract, because 0% of the coupon value is of course zero.

In such a zero example, the buyer of the product (in the Netherlands examples of such buyers are pension funds and insurance companies whose future obligations are increased with inflation) may still be satisfied if despite the money they paid for inflation cover of a coupon value, they receive zero in return over 30 years because this expense may be more than offset by gains attributable to the actual zero inflation rate. The inflation cover buyer lost the amount paid for the inflation coverage but their obligations did not increase due to inflation either since the inflation was zero for 30 years. On the other hand their other investments, for instance state bonds will probably have performed very well since the fixed interest rate and secured reimbursement of the loan are not negatively influenced by inflation, the rate having been zero for 30 years.

Furthermore, buyers of the inflation-related products of the claimed invention, are enabled to procure coverage against inflation risk with a much smaller commitment of their equity than was possible with a conventional real estate inflation hedge which required the purchasing of the whole real estate asset. As a pension fund board member has described it: "We may only need a steak for our customer, but until this invention we had to buy the whole cow!".

### ***Supportive Documents***

By way of additional support for applicant's position, and in particular of applicant's remarks made in the March 18, 2005 response to the final Office action of November 30, 2004, filed herewith are copies of advertisements from newspapers, for example a Dutch publication *Financieel Dagblad*, regarding some inflation transactions subsequent to the date of applicant's invention which transactions are believed to have embodied the claimed invention.

In view of the above amendments and the discussion relating thereto, it is respectfully submitted that the instant application, as amended, is in a condition for allowance. Such action is most earnestly solicited. If for any reason the Examiner feels that consultation with Applicant's representative would be helpful in the advancement of the prosecution, they are invited to call the telephone number below for an interview.

Respectfully submitted,

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I hereby certify that this correspondence is being deposited with the United States postal service as first class mail in an envelope, postage prepaid, addressed to the Commissioner for Patents and Trademarks, P.O. Box 1450, Alexandria, VA 22313-1450 on May 31, 2005.



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**I · E · F**

*Inflation Exchange Fund NV*

and



**bouwfonds**

asset management

in cooperation with



structured an

**Inflation Exchange guarantee transaction**

involving

**approx. EURO 400.000.000**

of real estate assets

for

**I · E · F CAPITAL NV**

and

**Stichting Bedrijfspensioenfonds voor de Metaal en Technische Bedrijfstakken  
(BPMT)**

February 2002

**I · E · F CAPITAL NV**

Inflation exchange fund



acquired  
**a commercial real estate portfolio**

valued at approx. **€ 110.000.000**

from

**Rodamco Nederland**

This transaction was structured and arranged by:

**I · E · F**  
*Inflation Exchange Fund*

**&**



**bouwfonds**  
asset management

April 2003

IEF Capital Beta N.V.





and



closed a

**30 year Dutch inflation swap contract**

involving € 110 million of real estate assets.

This transaction was structured and arranged by



A cooperation between

**Bouwfonds Asset Management B.V. and IEF Holding N.V.**

July 2003

IEF Securities Gold B.V.

inflation exchange fund



*Securities*

and



**ABN-AMRO Asset Management**

arranged and issued  
**the first Dutch Capital Index Bond**

for the  
**ABN AMRO Institutional Inflation Investment Fund**

**the first issue involving € 50.000.000**

This transaction was structured by

inflation exchange fund



*Capital*

a cooperation between

**IEF Holding N.V. and Bouwfonds Asset Management B.V.**

August 2003

**IEF Securities Gold B.V.**

inflation exchange fund



acquired

a commercial real estate portfolio  
valued at approx. € 90.000.000

and in partnership with



**ABN-AMRO Asset Management**

structured and arranged

**Inflation Linked Instruments**

for the

**ABN AMRO Inflation Linked Bond Fund II and III**

for an amount of approx. € 45.000.000

April 2004

Bouwfonds Asset Management B.V. and IEF N.V.

a consortium consisting of IEF Capital Gamma,  
PGGM, Beryllus and Van der Vorm Vastgoed, led by

inflation exchange fund



acquired, through a public offer, the outstanding shares in




Westersuyker

the transaction involved approx. € 350.000.000  
and was facilitated by



  
**bouwfonds**  
asset management

 **ABN-AMRO Asset Management**

December 2004

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